



December 23, 2020

Tyler Klimas
Executive Director
Cannabis Compliance Board

via email: tklimas@ccb.nv.gov

CCB Processing
P.O. Box 1948
Carson City, NV 89701

via U.S. Regular Mail

RE: *THC Nevada LLC'S Petition to Amend Regulation (NCCR) 11.075(7)*

Dear Executive Director Klimas,

Enclosed herewith is THC Nevada, LLC's Petition to Amend Nevada Cannabis Compliance Regulation (NCCR) 11.075(7) along with its \$500.00 filing fee.

We look forward to the Nevada Cannabis Compliance Board's consideration on this important matter.

Sincerely,

A handwritten signature in black ink that reads 'Amy L. Sugden'.

Amy L. Sugden

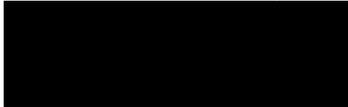
Encls.

Petition to Amend Nevada Cannabis Compliance Regulation (NCCR) 11.075(7)

Petitioner THC Nevada, LLC, hereby submits its Petition pursuant to NCCR 4.145(1)-(3) requesting the adoption of amendment to 11.075(7) to the Cannabis Compliance Board (“CCB”) as follows:

(a) Name, business address and telephone number of the petitioner:

THC Nevada, LLC (hereinafter “THC” or “Petitioner”)



(b) A statement of the substance or nature of the regulation, amendment or repeal requested:

The nature of the regulation at issue is the restriction to the number retests of certain lots or production runs that may be submitted by a cultivation and/or production manufacturing facility in a single calendar year. Petitioner respectfully requests that the CCB reconsider the arbitrary cap of fifty (50) retests each year. As discussed in further detail below, this ostensibly random number does not take into account the multitude of different sized and different production capabilities of the various cultivation and production facilities throughout the State of Nevada.

(c) A statement identifying the specific regulation in question:

The specific regulation in question, 11.075(7) mandates in pertinent part that “Except as otherwise provided in this subsection, a cannabis cultivation facility or a cannabis production manufacturing facility may submit a request for retesting **of not more than 50 lots or production runs each calendar year. For any subsequent failure of a quality assurance test in a calendar year, the facility shall destroy the lot or the entire production run as applicable . . .**” (emphasis added).

(d) A clearly drafted proposed new regulation to be adopted, a clearly drafted amendment to a specific regulation or a detailed statement of what regulation is to be repealed and why, depending on the specific request:

Petitioner proposes that the Commission amend Regulation 11.075(7) to read as follows:

Except as otherwise provided in this subsection, a cannabis cultivation facility or a cannabis product manufacturing facility may submit multiple requests for retesting. For any failures of quality assurance tests in excess of four (4), the facility shall destroy said lot or the entire production run, as applicable. A lot which only fails a quality assurance test for moisture content must not be counted for the purpose of this subsection.

(e) A statement identifying all persons or groups who the petitioner believes will be affected by the adoption, amendment or repeal of a regulation, including the cannabis industry as a whole and the manner in which the petitioner believes each person will be affected:

Petitioner submits that this proposed amendment will positively affect the industry as a whole, literally from seed to sale.

In Petitioner's example, it owns and operates a grow facility of approximately +/- 30,000 sq ft. By its very nature of the size and grow cycles, Petitioner is obligated, pursuant to the State's cannabis laws and regulations, to process for lab testing approximately 25 -30 tests per week, amassing literally hundreds of tests throughout the calendar year. While the number of tests has been sporadic in calendar 2020 due to the worldwide pandemic and government directives for closure, the industry as a whole has rebounded with sales expected to continue to grow to keep pace with increasing market demand. In fact, as sales grow, THC has the ability to increase its cultivation area resulting in increased demand for lab testing. Increase in market demand will necessarily increase grow opportunities, which will of course increase the testing required by state statute and regulation.

An aggregate limit of 50 requests for retesting in a calendar year for larger grow facilities such as THC, has become outdated and unnecessary in light of the built in safeguards for the industry and the relative high cost of each laboratory test. In THC's example, due to its high rate of testing, which is exponentially higher than a lesser sized grow facility, the limit of 50 retests compared with the amount of tests submitted, can easily result in the THC reaching the aggregate limit and being unable to process additional lots for sale. This arbitrary cap of 50 retests per year (with no consideration and/or correlation to the actual size of a cultivation facility) will no doubt reduce the State of Nevada precious tax dollars in these challenging times, and diminished sales for the affected cultivator.

Focus should be placed on improving technology, not arbitrary caps on retests, which in turn will improve the industry's opportunity in the marketplace to:

Equip the ultimate customers and consumers with more choices to utilize the products responsibly;

Ensure state laws and regulations enable a flexible regulatory approach, capable of keeping pace with evolving forms of grow and increases in yield and size of facility;

Give customers choice and convenience and more options;

Address heightened regulatory and customer public health concerns; and

Create a uniform regulatory environment for licensed growers operators, suppliers, without fear of reaching an arbitrary cap on retests especially in light of the size of the grow facility.

The proposed amendment to NCCR Regulation 11.075 (7) simply seeks to remove the arbitrary and restrictive cap of 50 retests allowed in one calendar year. In no manner does this proposed amendment restrict the ability to test, regulate, monitor the integrity of the product, or inhibit the State from acting upon failed tests.

Based upon the foregoing, Petitioner respectfully requests that the CCB commence proceedings to adopt an amendment to NCCR 11.075 (7) to delete that portion of the subsection which caps retests in the aggregate yearly amount of fifty per year.

RESPECTFULLY SUBMITTED,

COHEN-JOHNSON, LLC

BY: /s/ Steven B. Cohen
STEVEN B. COHEN

SUGDEN LAW

BY: /s/ Amy L. Sugden
AMY L. SUGDEN

COUNSEL for *Petitioner THC Nevada, LLC*